

1 A bill to be entitled
2 An act relating to retirement; amending s.
3 112.0801, F.S.; providing a definition for the
4 term "retiree" for purposes of participation in
5 group insurance; amending s. 121.051, F.S.;
6 revising conditions for membership in the State
7 Community College System Optional Retirement
8 Program; amending s. 121.35, F.S.; revising
9 conditions for membership in the State
10 University System Optional Retirement Program;
11 authorizing transfer of funds for specified
12 earned credit between the Florida Retirement
13 System and such optional retirement program;
14 authorizing a transfer of membership between
15 the State University System Optional Retirement
16 Program and the Florida Retirement System;
17 amending s. 121.4501, F.S.; redefining the term
18 "eligible employee" for purposes of the Public
19 Employee Optional Retirement Program; revising
20 conditions for participation in the Public
21 Employee Optional Retirement Program; providing
22 an effective date.

23
24 Be It Enacted by the Legislature of the State of Florida:

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26 Section 1. Section 112.0801, Florida Statutes, is
27 amended to read:

28 112.0801 Group insurance; participation by retired
29 employees.--

30 (1) Any state agency, county, municipality, special
31 district, community college, or district school board which

1 provides life, health, accident, hospitalization, or annuity
2 insurance, or all of any kinds of such insurance, for its
3 officers and employees and their dependents upon a group
4 insurance plan or self-insurance plan shall allow all former
5 personnel who have retired prior to October 1, 1987, as well
6 as those who retire on or after such date, and their eligible
7 dependents, the option of continuing to participate in such
8 group insurance plan or self-insurance plan. Retirees and
9 their eligible dependents shall be offered the same health and
10 hospitalization insurance coverage as is offered to active
11 employees at a premium cost of no more than the premium cost
12 applicable to active employees. For the retired employees and
13 their eligible dependents, the cost of any such continued
14 participation in any type of plan or any of the cost thereof
15 may be paid by the employer or by the retired employees. To
16 determine health and hospitalization plan costs, the employer
17 shall commingle the claims experience of the retiree group
18 with the claims experience of the active employees; and, for
19 other types of coverage, the employer may commingle the claims
20 experience of the retiree group with the claims experience of
21 active employees. Retirees covered under Medicare may be
22 experience-rated separately from the retirees not covered by
23 Medicare and from active employees, provided that the total
24 premium does not exceed that of the active group and coverage
25 is basically the same as for the active group.

26 (2) For purposes of this section "retiree" means any
27 officer or employee who retires under a state retirement
28 system or a state optional annuity or retirement program or is
29 placed on disability retirement and who begins receiving
30 retirement benefits immediately after retirement from
31 employment. In addition to these requirements, any officer or

1 employee who retires under the Public Employee Optional
2 Retirement Program established under part II of chapter 121
3 shall be considered a "retired officer or employee" or
4 "retiree" as used in this section if he or she:

5 (a) Meets the age and service requirements to qualify
6 for normal retirement as set forth in s. 121.021(29); or

7 (b) Has attained the age specified by s.
8 72(t)(2)(A)(i) of the Internal Revenue Code and has 6 years of
9 creditable service.

10 Section 2. Paragraph (c) of subsection (2) of section
11 121.051, Florida Statutes, is amended to read:

12 121.051 Participation in the system.--

13 (2) OPTIONAL PARTICIPATION.--

14 (c) Employees of public community colleges or charter
15 technical career centers sponsored by public community
16 colleges, as designated in s. 1000.21(3), who are members of
17 the Regular Class of the Florida Retirement System and who
18 comply with the criteria set forth in this paragraph and in s.
19 1012.875 may elect, in lieu of participating in the Florida
20 Retirement System, to withdraw from the Florida Retirement
21 System altogether and participate in an optional retirement
22 program provided by the employing agency under s. 1012.875, to
23 be known as the State Community College System Optional
24 Retirement Program. Pursuant thereto:

25 1. Through June 30, 2001, the cost to the employer for
26 such annuity shall equal the normal cost portion of the
27 employer retirement contribution which would be required if
28 the employee were a member of the Regular Class defined
29 benefit program, plus the portion of the contribution rate
30 required by s. 112.363(8) that would otherwise be assigned to
31 the Retiree Health Insurance Subsidy Trust Fund. Effective

1 July 1, 2001, each employer shall contribute on behalf of each
2 participant in the optional program an amount equal to 10.43
3 percent of the participant's gross monthly compensation. The
4 employer shall deduct an amount to provide for the
5 administration of the optional retirement program. The
6 employer providing the optional program shall contribute an
7 additional amount to the Florida Retirement System Trust Fund
8 equal to the unfunded actuarial accrued liability portion of
9 the Regular Class contribution rate.

10 2. The decision to participate in such an optional
11 retirement program shall be irrevocable for as long as the
12 employee holds a position eligible for participation, except
13 as provided in subparagraph 3. Any service creditable under
14 the Florida Retirement System shall be retained after the
15 member withdraws from the Florida Retirement System; however,
16 additional service credit in the Florida Retirement System
17 shall not be earned while a member of the optional retirement
18 program.

19 3. An employee who has elected to participate in the
20 optional retirement program shall have one opportunity, at the
21 employee's discretion, to choose to transfer from the optional
22 retirement program to the defined benefit program of the
23 Florida Retirement System or to the Public Employee Optional
24 Retirement Program, subject to the terms of the applicable
25 optional retirement program contracts.

26 a. If the employee chooses to move to the Public
27 Employee Optional Retirement Program, any contributions,
28 interest, and earnings creditable to the employee under the
29 State Community College System Optional Retirement Program
30 shall be retained by the employee in the State Community
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1 College System Optional Retirement Program, and the applicable
2 provisions of s. 121.4501(4) shall govern the election.

3 b. If the employee chooses to move to the defined
4 benefit program of the Florida Retirement System, the employee
5 shall receive service credit equal to his or her years of
6 service under the State Community College Optional Retirement
7 Program.

8 (I) The cost for such credit shall be an amount
9 representing the present value of that employee's accumulated
10 benefit obligation for the affected period of service. The
11 cost shall be calculated as if the benefit commencement occurs
12 on the first date the employee would become eligible for
13 unreduced benefits, using the discount rate and other relevant
14 actuarial assumptions that were used to value the Florida
15 Retirement System defined benefit plan liabilities in the most
16 recent actuarial valuation. The calculation shall include any
17 service already maintained under the defined benefit plan in
18 addition to the years under the State Community College
19 Optional Retirement Program. The present value of any service
20 already maintained under the defined benefit plan shall be
21 applied as a credit to total cost resulting from the
22 calculation. The division shall ensure that the transfer sum
23 is prepared using a formula and methodology certified by an
24 enrolled actuary.

25 (II) The employee must transfer from his or her State
26 Community College System Optional Retirement Program account
27 and from other employee moneys as necessary, a sum
28 representing the present value of that employee's accumulated
29 benefit obligation immediately following the time of such
30 movement, determined assuming that attained service equals the
31 sum of service in the defined benefit program and service in

1 the State Community College System Optional Retirement
2 Program.

3 4. Participation in the optional retirement program
4 shall be limited to those employees who satisfy the following
5 eligibility criteria:

6 a. The employee must be otherwise eligible for
7 membership or renewed membership in the Regular Class of the
8 Florida Retirement System, as provided in s. 121.021(11) and
9 (12) or s. 121.122.

10 b. The employee must be employed in a full-time
11 position classified in the Accounting Manual for Florida's
12 Public Community Colleges as:

13 (I) Instructional; or

14 (II) Executive Management, Instructional Management,
15 or Institutional Management, if a community college determines
16 that recruiting to fill a vacancy in the position is to be
17 conducted in the national or regional market, and:

18 (A) The duties and responsibilities of the position
19 include either the formulation, interpretation, or
20 implementation of policies; or

21 (B) The duties and responsibilities of the position
22 include the performance of functions that are unique or
23 specialized within higher education and that frequently
24 involve the support of the mission of the community college.

25 c. The employee must be employed in a position not
26 included in the Senior Management Service Class of the Florida
27 Retirement System, as described in s. 121.055.

28 5. Participants in the program are subject to the same
29 reemployment limitations, renewed membership provisions, and
30 forfeiture provisions as are applicable to regular members of
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1 the Florida Retirement System under ss. 121.091(9), 121.122,
2 and 121.091(5), respectively.

3 6. Eligible community college employees shall be
4 compulsory members of the Florida Retirement System until,
5 pursuant to the procedures set forth in s. 1012.875, a written
6 election to withdraw from the Florida Retirement System and to
7 participate in the State Community College Optional Retirement
8 Program is filed with the program administrator and received
9 by the division.

10 a. Any community college employee whose program
11 eligibility results from initial employment shall be enrolled
12 in the State Community College Optional Retirement Program
13 retroactive to the first day of eligible employment. The
14 employer retirement contributions paid through the month of
15 the employee plan change shall be transferred to the community
16 college for the employee's optional program account, and,
17 effective the first day of the next month, the employer shall
18 pay the applicable contributions based upon subparagraph 1.

19 b. Any community college employee whose program
20 eligibility results from a change in status due to the
21 subsequent designation of the employee's position as one of
22 those specified in subparagraph 4. or due to the employee's
23 appointment, promotion, transfer, or reclassification to a
24 position specified in subparagraph 4. shall be enrolled in the
25 program upon the first day of the first full calendar month
26 that such change in status becomes effective. The employer
27 retirement contributions paid from the effective date through
28 the month of the employee plan change shall be transferred to
29 the community college for the employee's optional program
30 account, and, effective the first day of the next month, the
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1 employer shall pay the applicable contributions based upon
2 subparagraph 1.

3 7. Effective July 1, 2003, through December 31, 2008,
4 any participant of the State Community College Optional
5 Retirement Program who has service credit in the defined
6 benefit plan of the Florida Retirement System for the period
7 between his or her first eligibility to transfer from the
8 defined benefit plan to the optional retirement program and
9 the actual date of transfer may, during his or her employment,
10 elect to transfer to the optional retirement program a sum
11 representing the present value of the accumulated benefit
12 obligation under the defined benefit retirement program for
13 such period of service credit. Upon such transfer, all such
14 service credit previously earned under the defined benefit
15 program of the Florida Retirement System during this period
16 shall be nullified for purposes of entitlement to a future
17 benefit under the defined benefit program of the Florida
18 Retirement System.

19 Section 3. Paragraph (a) of subsection (2) and
20 paragraphs (e) and (g) of subsection (3) of section 121.35,
21 Florida Statutes, are amended, and paragraph (i) is added to
22 subsection (3), to read:

23 121.35 Optional retirement program for the State
24 University System.--

25 (2) ELIGIBILITY FOR PARTICIPATION IN OPTIONAL
26 PROGRAM.--

27 (a) Participation in the optional retirement program
28 provided by this section shall be limited to persons who are
29 otherwise eligible for membership or renewed membership in the
30 Florida Retirement System and who are employed in one of the
31 following State University System positions:

1 1. Positions classified as instructional and research
2 faculty which are exempt from the career service under the
3 provisions of s. 110.205(2)(d).

4 2. Positions classified as administrative and
5 professional which are exempt from the career service under
6 the provisions of s. 110.205(2)(d).

7 3. The Chancellor and the university presidents.

8 (3) ELECTION OF OPTIONAL PROGRAM.--

9 (e) The election by an eligible employee to
10 participate in the optional retirement program shall be
11 irrevocable for so long as the employee continues to meet the
12 eligibility requirements specified in subsection (2), except
13 as provided in paragraph (h) or paragraph (i). In the event
14 that an employee participates in the optional retirement
15 program for 90 days or more and is subsequently employed in an
16 administrative or professional position which has been
17 determined by the department, under subparagraph (2)(a)2., to
18 be not otherwise eligible for participation in the optional
19 retirement program, the employee shall continue participation
20 in the optional program so long as the employee meets the
21 other eligibility requirements for the program, except as
22 provided in paragraph (h) or paragraph (i).

23 (g) An eligible employee who is a member of the
24 Florida Retirement System at the time of election to
25 participate in the optional retirement program shall retain
26 all retirement service credit earned under the Florida
27 Retirement System, at the rate earned. No additional service
28 credit in the Florida Retirement System shall be earned while
29 the employee participates in the optional program, nor shall
30 the employee be eligible for disability retirement under the
31 Florida Retirement System. An eligible employee may transfer

1 from the Florida Retirement System to his or her accounts
2 under the State University System Optional Retirement Program
3 a sum representing the present value of the employee's
4 accumulated benefit obligation under the defined benefit
5 program of the Florida Retirement System for any service
6 credit accrued from the employee's first eligible transfer
7 date to the optional retirement program through the actual
8 date of such transfer, if such service credit was earned in
9 the period from July 1, 1984, through December 31, 1992. The
10 present value of the employee's accumulated benefit obligation
11 shall be calculated as described in s. 121.4501(3)(c)2. Upon
12 such transfer, all such service credit previously earned under
13 the defined benefit program of the Florida Retirement System
14 during this period shall be nullified for purposes of
15 entitlement to a future benefit under the defined benefit
16 program of the Florida Retirement System.

17 (i) Effective January 1, 2008, through December 31,
18 2008, except for an employee who is a mandatory participant of
19 the State University System Optional Retirement Program, an
20 employee who has elected to participate in the State
21 University System Optional Retirement Program shall have one
22 opportunity, at the employee's discretion, to choose to
23 transfer from this program to the defined benefit program of
24 the Florida Retirement System or to the Public Employee
25 Optional Retirement Program, subject to the terms of the
26 applicable contracts of the State University System Optional
27 Retirement Program.

28 1. If the employee chooses to move to the Public
29 Employee Optional Retirement Program, any contributions,
30 interest, and earnings creditable to the employee under the
31 State University System Optional Retirement Program shall be

1 retained by the employee in the State University System
2 Optional Retirement Program, and the applicable provisions of
3 s. 121.4501(4) shall govern the election.

4 2. If the employee chooses to move to the defined
5 benefit program of the Florida Retirement System, the employee
6 shall receive service credit equal to his or her years of
7 service under the State University System Optional Retirement
8 Program.

9 a. The cost for such credit shall be an amount
10 representing the actuarial accrued liability for the affected
11 period of service. The cost shall be calculated using the
12 discount rate and other relevant actuarial assumptions that
13 were used to value the Florida Retirement System defined
14 benefit plan liabilities in the most recent actuarial
15 valuation. The calculation shall include any service already
16 maintained under the defined benefit plan in addition to the
17 years under the State University System Optional Retirement
18 Program. The actuarial accrued liability of any service
19 already maintained under the defined benefit plan shall be
20 applied as a credit to total cost resulting from the
21 calculation. The division shall ensure that the transfer sum
22 is prepared using a formula and methodology certified by an
23 enrolled actuary.

24 b. The employee must transfer from his or her State
25 University System Optional Retirement Program account, and
26 from other employee moneys as necessary, a sum representing
27 the actuarial accrued liability immediately following the time
28 of such movement, determined assuming that attained service
29 equals the sum of service in the defined benefit program and
30 service in the State University System Optional Retirement
31 Program.

1 Section 4. Paragraph (f) of subsection (2) and
2 paragraph (a) of subsection (4) of section 121.4501, Florida
3 Statutes, are amended to read:

4 121.4501 Public Employee Optional Retirement
5 Program.--

6 (2) DEFINITIONS.--As used in this part, the term:

7 (f) "Eligible employee" means an officer or employee,
8 as defined in s. 121.021(11), who:

9 1. Is a member of, or is eligible for membership in,
10 the Florida Retirement System, including any renewed member of
11 the Florida Retirement System; or

12 2. Participates in, or is eligible to participate in,
13 the Senior Management Service Optional Annuity Program as
14 established under s. 121.055(6), ~~or~~ the State Community
15 College Optional Retirement Program as established under s.
16 121.051(2)(c), ~~or~~ or

17 ~~3. Is eligible to participate in, but does not~~
18 ~~participate in,~~ the State University System Optional
19 Retirement Program established under s. 121.35.

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21 The term does not include any member participating in the
22 Deferred Retirement Option Program established under s.
23 121.091(13) or a mandatory participant of the State University
24 System Optional Retirement Program ~~or any employee~~
25 ~~participating in an optional retirement program~~ established
26 under s. 121.35.

27 (4) PARTICIPATION; ENROLLMENT.--

28 (a)1. With respect to an eligible employee who is
29 employed in a regularly established position on June 1, 2002,
30 by a state employer:

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1 a. Any such employee may elect to participate in the
2 Public Employee Optional Retirement Program in lieu of
3 retaining his or her membership in the defined benefit program
4 of the Florida Retirement System. The election must be made in
5 writing or by electronic means and must be filed with the
6 third-party administrator by August 31, 2002, or, in the case
7 of an active employee who is on a leave of absence on April 1,
8 2002, by the last business day of the 5th month following the
9 month the leave of absence concludes. This election is
10 irrevocable, except as provided in paragraph (e). Upon making
11 such election, the employee shall be enrolled as a participant
12 of the Public Employee Optional Retirement Program, the
13 employee's membership in the Florida Retirement System shall
14 be governed by the provisions of this part, and the employee's
15 membership in the defined benefit program of the Florida
16 Retirement System shall terminate. The employee's enrollment
17 in the Public Employee Optional Retirement Program shall be
18 effective the first day of the month for which a full month's
19 employer contribution is made to the optional program.

20 b. Any such employee who fails to elect to participate
21 in the Public Employee Optional Retirement Program within the
22 prescribed time period is deemed to have elected to retain
23 membership in the defined benefit program of the Florida
24 Retirement System, and the employee's option to elect to
25 participate in the optional program is forfeited.

26 2. With respect to employees who become eligible to
27 participate in the Public Employee Optional Retirement Program
28 by reason of employment in a regularly established position
29 with a state employer commencing after April 1, 2002:

30 a. Any such employee shall, by default, be enrolled in
31 the defined benefit retirement program of the Florida

1 Retirement System at the commencement of employment, and may,
2 by the last business day of the 5th month following the
3 employee's month of hire, elect to participate in the Public
4 Employee Optional Retirement Program. The employee's election
5 must be made in writing or by electronic means and must be
6 filed with the third-party administrator. The election to
7 participate in the optional program is irrevocable, except as
8 provided in paragraph (e).

9 b. If the employee files such election within the
10 prescribed time period, enrollment in the optional program
11 shall be effective on the first day of employment. The
12 employer retirement contributions paid through the month of
13 the employee plan change shall be transferred to the optional
14 program, and, effective the first day of the next month, the
15 employer shall pay the applicable contributions based on the
16 employee membership class in the optional program.

17 c. Any such employee who fails to elect to participate
18 in the Public Employee Optional Retirement Program within the
19 prescribed time period is deemed to have elected to retain
20 membership in the defined benefit program of the Florida
21 Retirement System, and the employee's option to elect to
22 participate in the optional program is forfeited.

23 3. With respect to employees who become eligible to
24 participate in the Public Employee Optional Retirement Program
25 pursuant to s. 121.051(2)(c)3. or s. 121.35(3)(i), any such
26 employee may elect to participate in the Public Employee
27 Optional Retirement Program in lieu of retaining his or her
28 participation in the State Community College Optional
29 Retirement Program or the State University System Optional
30 Retirement Program. The election must be made in writing or by
31 electronic means and must be filed with the third-party

1 administrator. This election is irrevocable, except as
2 provided in paragraph (e). Upon making such election, the
3 employee shall be enrolled as a participant of the Public
4 Employee Optional Retirement Program, the employee's
5 membership in the Florida Retirement System shall be governed
6 by the provisions of this part, and the employee's
7 participation in the State Community College Optional
8 Retirement Program or the State University System Optional
9 Retirement Program shall terminate. The employee's enrollment
10 in the Public Employee Optional Retirement Program shall be
11 effective the first day of the month for which a full month's
12 employer contribution is made to the optional program.

13 4. For purposes of this paragraph, "state employer"
14 means any agency, board, branch, commission, community
15 college, department, institution, institution of higher
16 education, or water management district of the state, which
17 participates in the Florida Retirement System for the benefit
18 of certain employees.

19 Section 5. This act shall take effect July 1, 2007.
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